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CURRENT SUPPORT BRIEF

THE EAST GERMAN REGIME FACES AGRICULTURAL CHALLENGE IN 1962

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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THE EAST GERMAN REGIME FACES AGRICULTURAL CHALLENGE IN 1962

The East German regime is presently facing the most critical test of its mass collectivization policy of 1960. There is mounting evidence of party concern over agricultural shortcomings, peasant indifference, and organizational and management weakness of collective farms. The below average harvest of 1961, moreover, has dimmed the prospects for improving the food situation. Rationing of potatoes and butter already in evidence may become more severe during 1962. Regime criticism of farm problems suggests that organizational and policy changes may be forthcoming.

Although the mass collectivization drive of 1960 was successfully completed without encountering violent peasant opposition, the regime apparently failed to evaluate correctly the future impact of peasant passive resistance on output and the full economic costs of collectivization. Both issues were ignored in deference to a political decision to further consolidate agricultural holdings. In major speeches during 1960, both Walter Ulbricht and Gerhard Grueneberg, party secretary for agriculture, stated that the merging of small inefficient type cooperatives into large scale units was one of the major organizational means necessary to insure a rapid increase of agricultural production. 1/

Regime policy was favored by good weather during 1960 and gross agricultural output increased approximately 6 percent over the poor 1959 year. State procurement plans were not fulfilled during the year, partially due to the reorganization of wholesale trading groups which occurred in late June. 2/ Total imports of meat, butter, and fruit also declined in 1960, 3/ reflecting the regime's confidence in its collectivization policy and in its judgment of the future growth of agricultural output.

The favorable statistical report for the agricultural sector, however, gave no mention to the growing undercurrent of passive resistance which was developing in the countryside--low work productivity, high absenteeism, and sabotage of feed supplies. Moreover, political control, never too strong in the countryside, was weakened by the expansion of the collective sector, and the regime's efforts to substitute party supervision for experienced management failed to generate support from the peasant.

Party concern over the rising opposition to collective farm work by peasant members was brought to light in August of 1961 with the admissions by numerous party and government officials of labor difficulties on collective farms and the unnecessary delays in the fall harvesting of grains. Vague statistical reports were an indirect admission that the total sown area of grains has decreased approximately 7 percent from the previous year 4/--mostly caused by the abandonment of farms or by the discreet addition of land to the private plots. Unfavorable weather conditions compounded the farm labor shortcomings, and despite the maximum effort to harvest crops and minimize losses the production of the major crops--grains, potatoes, and sugar beets--in 1961 may be from 10 to 15 percent less than 1960. The effects of the poor harvest are currently evidenced by the reported premature slaughtering of livestock and consumer grumbling over the tight supplies of potatoes, butter, and milk. There is little hope that the present market supply of food will improve and a more stringent form of consumer rationing of potatoes and butter may become necessary during the 1st half of 1962. Although there is evidence that Poland is supplying

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potatoes and butter is being purchased from the West, 5/ the scarcity of foreign exchange for other necessary food purchases makes it difficult for East Germany to maintain adequate stocks and carry over supplies of all types of food. The current food situation, therefore, may deteriorate further during the first half of 1962 and the urban consumer will experience greater difficulty than in previous years, in fulfilling his demand for most foods.

Added to the current unfavorable outlook of food supplies, the party has yet to find a solution for the long-term economic problems of the agricultural sector which have been intensified by its mass collectivization drive of 1960. Concern over these problems, particularly the loss of peasant incentive, the flight of farm labor, the lack of trained management, the rising cost of farm subsidies, and the competing use of material resources by the industrial sector, always has been evident, but in recent months party criticism against the organizational laxity of local officials and collective farm chairmen has increased reflecting some effort to find a scapegoat for party failings. 6/ Those chairmen who have not been able to prevent private farmers from expanding their private plots, who have been unsuccessful in recruiting women as active members, and who have permitted excessive absenteeism have been most severely criticized. 7/ Such intentional violations of collective farm statutes are indicative of the peasants attitude toward collective farming.

Considerable criticism has also been directed against the poor financial management of collective farms, especially the increasing dependence of collective farms on state subsidies and the misuse of short term credits for paying land rent and wage payments to its members. Ulbricht in a recent report to the SED plenum stated that the overall government subsidies to collective farms must be reduced. 8/ Party statements made by lesser officials after Ulbricht's speech have stressed a more efficient utilization of existing agricultural resources, greater discipline, tighter administration of farm operations on private plots, and more control over the use of short term credits.

The growing alarm over the high cost of supporting a sluggish agricultural output suggests that the party may be viewing more closely the impact that passive resistance is having on the planned program of agricultural development. Organizational and accompanying personality changes are the usual routes used by communistic societies for correcting farm failings, and such changes may be adopted by the East German regime. In addition, the more rigid compulsory delivery and procurement policies along with the weak financial controls over collective farms still in effect in East Germany may possibly be replaced by a single price system, a procurement system adjusted for local agricultural conditions, and an accounting system which adjusts for capital depreciation of newly acquired equipment. In effect such changes would fit the pattern established in other satellite countries. However, these changes do not necessarily guarantee that the peasant will become more attracted to a socialist form of agriculture. No panacea has been found by a communist society that will restore the previously held private initiative.

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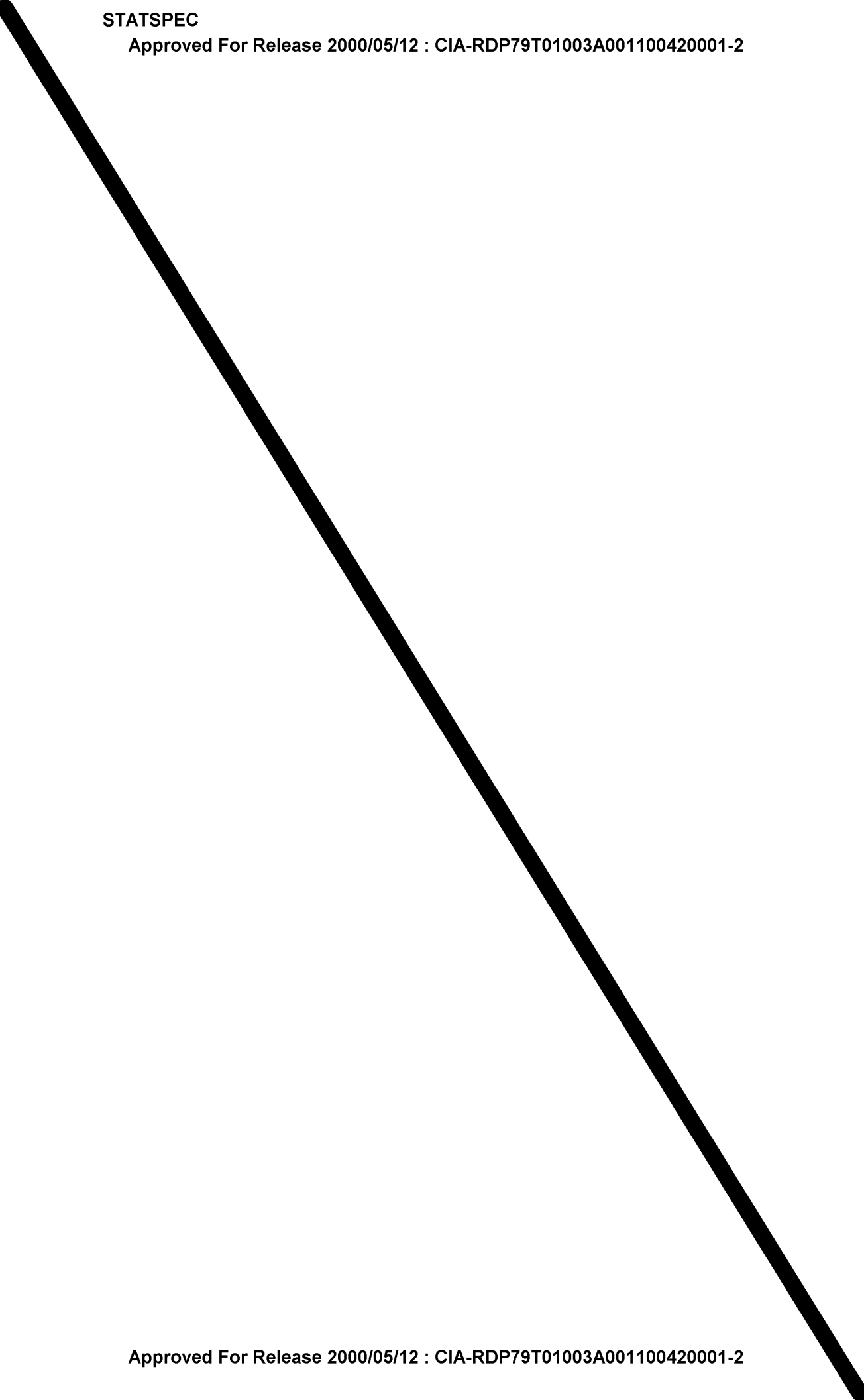

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